

Message Text

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71

ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-07 AID-05 CIAE-00 COME-00

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R 031725Z AUG 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4651

UNCLAS SAN JOSE 3774

E.O. 11652: N/A

TAGS: BPRO, CS

SUBJECT: EXIMBANK GUARANTEE FOR SALE OF DREDGE, PIPELINE,
BOATS AND SPARES TO JAPDEVA

REF: STATE 186080

1. JAPDEVA IS AN AUTONOMOUS INSTITUTE OF THE GOVERNMENT RESPONSIBLE FOR OPERATION OF PUERTO LIMON AND THE RAILROADS THAT LINK LIMON WITH SAN JOSE AND THE BANANA PRODUCING AREAS OF THE ATLANTIC ZONE. IT IS SIMILAR TO WHAT WOULD BE KNOWN IN MANY COUNTRIES AS A GOVERNMENT CORPORATION.

2. AN OFFICER OF THE CENTRAL BANK WHO WAS CONTACTED BY THE EMBASSY STATES THAT NO SPECIFIC GUARANTEE HAS BEEN ISSUED FOR THIS PROJECT AND IT IS NOT THE POLICY OF THE CENTRAL BANK TO ISSUE GUARANTEES ON SPECIFIC PROJECTS. THE CENTRAL BANK DOES PROVIDE GUARANTEES OF FOREIGN EXCHANGE AVAILABILITY TO MEET PAYMENTS DUE ABROAD. HE STATES THAT WHAT IS INVOLVED HERE IS THAT THE GOVERNMENT STANDS BEHIND THE AUTONOMOUS INSTITUTIONS IN THE SENSE THAT IF ONE OF THEM SHOULD FAIL FINANCIALLY, THE GOVERNMENT WOULD ASSUME RESPONSIBILITY FOR ITS DEBTS. THE

CONTROLLER GENERAL EXERCISES FINANCIAL JURISDICTION

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OVER THE AUTONOMOUS INSTITUTES AND ASSURES THAT THEY

HAVE MADE PAYMENTS DUE ON THEIR OBLIGATIONS.

3. THE EMBASSY HAS NOT EXAMINED JAPDEVA'S CURRENT FINANCIAL POSITION. WE BELIEVE HOWEVER THAT THE INSTITUTION LOSES MONEY ON ITS RAILROAD OPERATIONS IF NOT ON PORT OPERATIONS. IN ORDER TO AVOID HAVING TO ASSESS THE FINANCIAL POSITION OF JAPDEVA AND ITS ABILITY TO REPAY THE LOAN, EXIMBANK MIGHT WISH TO SEEK CFA GAL OPINION OR OTHER FORM OF ASSURANCE THAT THE COSTA RICAN GOVERNMENT STANDS BEHIND THE LOAN, IF IT DOES NOT IN FACT HAVE SUCH ASSURANCE IN ACCEPTABLE FORM.

4. IF THE COSTA RICAN GOVERNMENT GUARANTEES THE LOAN, THE EMBASSY WOULD SEE NO PROBLEM IN GRANTING THE LOAN GUARANTEE. THE WORK OF JAPDEVA IS CERTAINLY IMPORTANT TO THE PROSPERITY AND ECONOMIC DEVELOPMENT OF COSTA RICA, AND IN THAT SENSE WORTHY OF SUPPORT.
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Message Attributes

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